

## DECEMBER 2007 HIGHLIGHTS

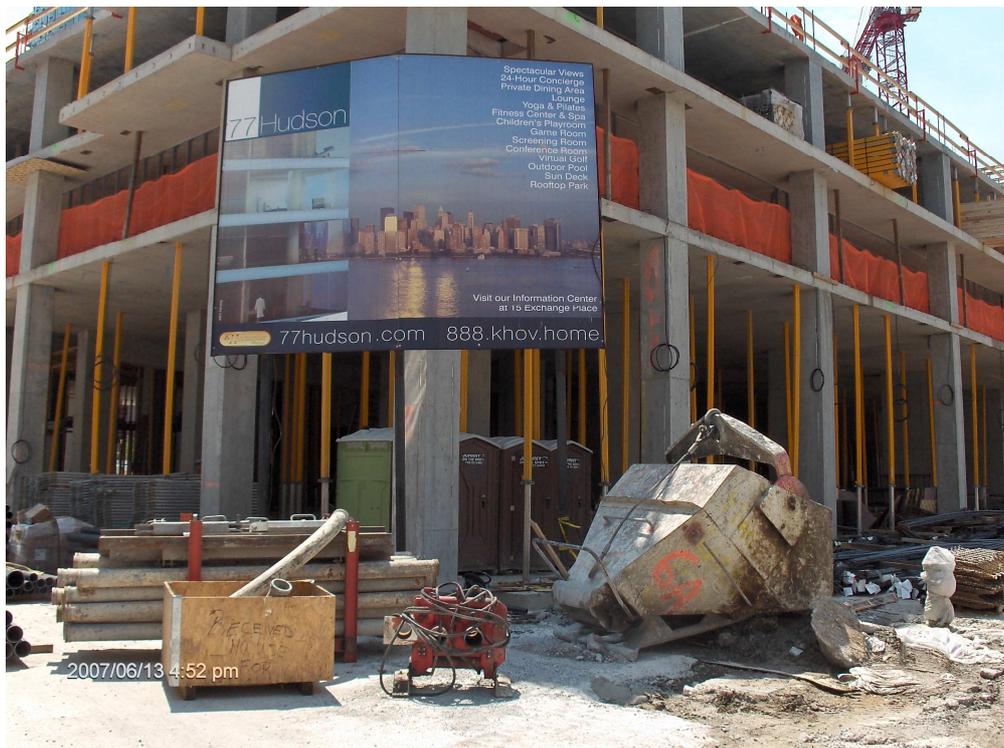
One of the responsibilities of a New Jersey building official is to insure safe construction practices. Byproducts of this work are the permits submitted each month to the Department of Community Affairs. Building permits are one of the few sources of information available from every town, every month. They give a good measure of the health of New Jersey's construction industry -- an important cog in the State's economy -- and tell a great deal about what, where, and how much is being built.

What do they say about 2007? It is no surprise that these are hard times for the construction industry, especially for homebuilders. Housing production fell. A total of 25,472 dwellings were authorized through December, nearly 6,600 units less than in 2006, which was a 20.5 percent decline. Compared to the year before -- the industry's highpoint these past ten years -- there were 14,200 fewer units, showing a decline of 35.8 percent.

<b>Major Construction Indicators, New Jersey December Year-to-Date Figures Compared to Annual Totals</b>				
Period	Estimated Cost of Construction	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
<b>1996</b>	\$7,028,424,990	27,577	6,229,515	4,880,139
<b>1997</b>	\$8,346,533,144	30,017	10,409,171	5,688,955
<b>1998</b>	\$9,396,755,517	35,676	12,703,824	7,921,892
<b>1999</b>	\$10,584,167,530	37,536	13,237,891	6,229,471
<b>2000</b>	\$11,387,683,514	38,065	15,531,039	6,063,412
<b>2001</b>	\$12,007,456,630	35,680	19,134,533	7,244,833
<b>2002</b>	\$12,079,942,099	34,589	9,261,054	7,560,913
<b>2003</b>	\$12,148,747,807	35,171	9,744,146	6,038,428
<b>2004</b>	\$14,274,331,850	39,254	12,219,068	4,911,257
<b>2005</b>	\$15,397,507,147	39,688	11,038,132	5,965,258
<b>2006</b>	\$15,675,107,955	32,050	11,113,555	5,186,662
<b>January – December 2007</b>	\$14,907,746,308	25,472	8,875,968	4,993,848
<b><i>Difference between 2006 Annual Report and January through December 2007 Figures</i></b>				
2006 – 2007 (ytd)	-\$767,361,647	-6,578	-2,237,587	-192,814
Percent Change	-4.9%	-20.5%	-20.1%	-3.7%
Source: N.J. Department of Community Affairs, 2/7/08				

Overall construction is down, but by a relatively small amount. The estimated cost of residential work as well as office, retail, and other nonresidential activity is about \$14.9 billion. While this is more than three-quarters of a billion dollars less than last year, it is only a decline of about five percent in nominal terms.

There were bright stars in 2007 that softened the effects of the housing slump. New Jersey's cities have been among the top performers in recent years and this trend continued in 2007. Jersey City in Hudson County stands out with the most construction. The estimated cost of work authorized by permits was \$994 million. The City's housing market stayed strong. New home construction accounted for about 68 cents of every dollar authorized by the construction office in 2007. Jersey City had 2,895 authorized housing units, more than any other locality. This municipality accounted for over 11 percent of all new dwellings in the State. One of the bigger permits in 2007 was for a twin-tower residential complex being built by K. Hovnanian. It will have 901 condominiums.



*The construction site at 77 Hudson Street, a high-rise residential development in Jersey City. The complex will have two towers and 901 condominiums. Photo by Drake Rizzo and Charles Pierson, Jr. of the Department of Community Affairs.*

<b>Construction Indicators Top New Jersey Municipalities</b>					
<b>Municipality</b>	<b>County</b>	<b>Estimated Cost of Construction (dollars)</b>	<b>Authorized Housing Units</b>	<b>Authorized Office Space (square feet)</b>	<b>Authorized Retail Space (square feet)</b>
Jersey City	Hudson	\$994,355,969	2,895	62,754	2,400
Atlantic City	Atlantic	345,975,684	65	4,207	20,080
Newark	Essex	310,986,598	927	154,131	2,240
State Buildings		454,040,004	0	504,863	0
Top Municipalities		\$2,105,358,255	3,887	725,955	24,720
<b>New Jersey January – December 2007</b>		\$14,907,746,308	25,472	8,875,968	4,993,848
Top as Percent of New Jersey		14.1%	15.3%	8.2%	0.5%
Source: N.J. Department of Community Affairs, 2/7/08					

Atlantic City in Atlantic County ranked a distant second behind Jersey City with \$346 million of construction. Casino development accounted for most of this activity. Major expansions were underway at the Borgata, Trump Taj Mahal, and Harrah's. Revel Entertainment received permits to build a new casino, hotel, and parking complex.

The City of Newark in Essex County had \$311 million of construction, ranking third among localities. As in Jersey City, housing played a big role. New home construction, and alterations and additions to existing dwellings accounted for more than \$112 million of construction. Newark issued building permits for 927 new dwellings in 2007, second only to Jersey City. Newark also had nearly \$200 million of commercial activity, as the Prudential Center and structured parking were built.

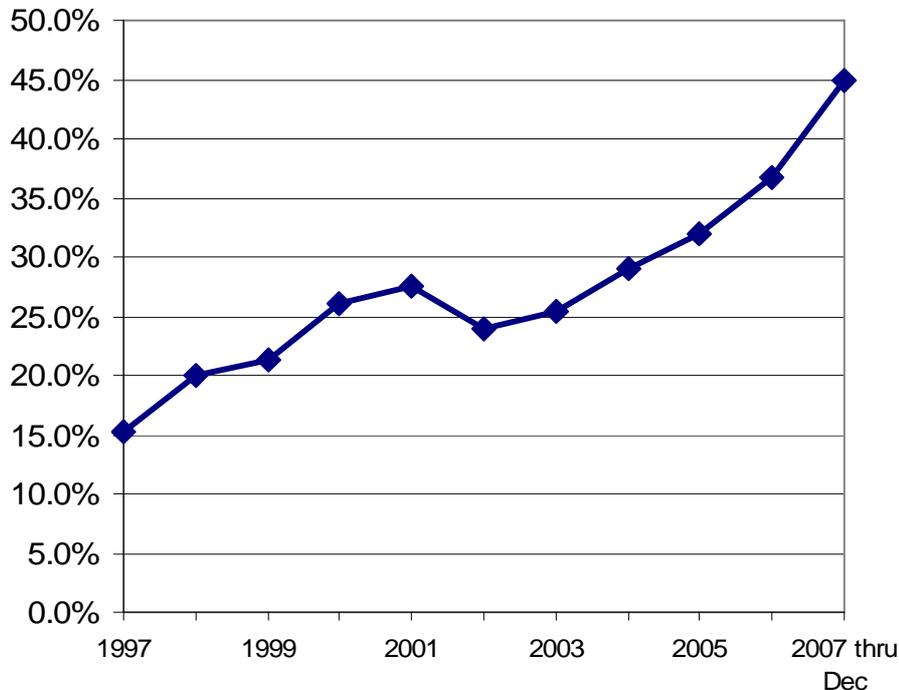
Newark and Jersey City have enjoyed a strong housing market for several years. Two other cities, the City of Elizabeth in Union County and the City of Hoboken in Hudson County, also were among the top ten municipalities with the most new houses in 2007.

<b>Authorized Housing in Newark and Jersey City 2001-2007, Year to Date</b>					
<b>Year</b>	<b>Newark</b>		<b>Jersey City</b>		<b>All New Jersey</b>
	<b>Authorized Units</b>	<b>Rank</b>	<b>Authorized Units</b>	<b>Rank</b>	<b>Authorized Units</b>
2001	1,066	2	2,009	1	35,680
2002	1,223	1	907	2	34,589
2003	1,730	1	969	2	35,171
2004	1,702	2	2,156	1	39,254
2005	2,611	2	3,778	1	39,688
2006	2,125	2	2,578	1	32,050
2007 (ytd)	927	2	2,895	1	25,472

Source: N.J. Department of Community Affairs, 2/7/08

Multifamily housing has taken a greater share of the housing market. In 1997, about 15 percent of all new dwellings authorized by permits were in buildings with three or more units. By 2007, multifamily dwellings accounted for nearly 45 percent of all dwellings authorized in New Jersey. The housing slump hit single-family homes hardest.

## Multifamily Housing as Percentage of all Authorized Housing



“State Buildings” is a category of construction that includes big, capital improvements. Because of the large nature of these developments, plan reviews and permits are administered by Department staff. Some of these developments are built for State agencies or their instrumentalities and thus are subject to State plan review. Others are just large-scale development subject to State plan review. These developments include mass transit facilities and college dormitories for State universities. This year saw \$454 million of activity reviewed by the State plan review staff. Some of the bigger developments were a new stadium facility for the world-champion Giants. The first permit for the two-million square-foot facility was issued in June. Work continues on Xanadu, a new retail/entertainment complex in East Rutherford Borough (Bergen County) in the Meadowlands that began in 2005. Over \$100 million of construction was authorized in 2007. Another new initiative this year was six new dormitories for the Richard Stockton College of New Jersey.

### New Home Prices

The median sale price of a new home declined by 1.8 percent compared to the previous quarter. Between August 1 and December 31, 2007, 3,559 new homes began enrollment in a new home warranty program. Half of these houses had a sale price greater than \$402,483. The median sale price for the previous quarter was \$410,000.

Morris County had the most expensive new homes. Half of the 94 houses that began enrollment in a new home warranty program in the fourth quarter of 2007 cost more than \$707,450.

<b>New House Prices</b>			
<b>Period</b>	<b>Number of New Houses</b>	<b>Median Sale Price</b>	<b>Percent Change in Sale Price</b>
1996	20,903	\$183,300	
1997	21,640	\$190,000	3.7%
1998	23,884	\$209,980	10.5%
1999	24,479	\$224,496	6.9%
2000	25,058	\$231,728	3.2%
2001	23,372	\$253,670	9.5%
2002	23,647	\$274,705	8.3%
2003	22,226	\$307,168	11.8%
2004	23,844	\$349,900	13.9%
2005	24,571	\$378,992	8.3%
2006	22,697	\$413,825	9.2%
1 <sup>st</sup> Quarter 2006	5,220	\$409,365	
2 <sup>nd</sup> Quarter 2006	6,319	\$425,000	3.8%
3 <sup>rd</sup> Quarter 2006	6,207	\$405,150	-4.7%
4 <sup>th</sup> Quarter 2006	6,595	\$413,500	2.1%
1 <sup>st</sup> Quarter 2007	3,681	\$415,000	0.4%
2 <sup>nd</sup> Quarter 2007	4,481	\$440,000	6.0%
3 <sup>rd</sup> Quarter 2007	3,971	\$410,000	-6.8%
4 <sup>th</sup> Quarter 2007	3,559	\$402,583	-1.8%
Source: N.J. Department of Community Affairs, 2/7/08			